

IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA	:	FACTUAL BASIS
	:	
v.	:	
	:	
MICHAEL ALLAN JOHNSON, JR.	:	1:17CR21-1

NOW COMES the United States of America, by and through Sandra J. Hairston, Acting United States Attorney for the Middle District of North Carolina, and as a factual basis under Rule 11, Federal Rules of Criminal Procedure, states the following:

COUNT THREE

On or about March 23, 2007, Luis Moreno signed a promissory note with Carolina Bank promising to pay Carolina Bank \$155,000 in connection with a construction loan for property located at 6726 Brantley Gordon Road, Denton, North Carolina, in the Middle District of North Carolina. The bank received by fax a construction estimate for work at 6726 Brantley Gordon Road prepared by Artisan Construction of Concord, Inc. An annual report for Artisan filed for 2007 with the North Carolina Secretary of State listed Michael Johnson as president.

On or about March 23, 2007, Luis Moreno signed a construction loan agreement with Carolina Bank. The agreement bore the caption "construction loan agreement" and required Moreno, as buyer, to begin construction within

thirty days. The agreement also required Moreno to use the proceeds of the loan solely for the purpose of paying for the cost of construction. The agreement required the construction be completed by December 22, 2007. The defendant signed as a witness to the construction agreement.

Michael Allan Johnson, Jr., served as the closing attorney for the construction loan. On or about March 23, 2007, Carolina Bank presented Johnson with an "Attorney's Letter of Instruction" which described the loan as a construction loan in two different paragraphs of the letter.

On or about March 27, 2007, Michael Allan Johnson, Jr., deposited the construction loan proceeds from Carolina Bank in the amount of \$155,000 into his trust account.

On March 30, 2007, a deed of trust in Randolph County in the Middle District of North Carolina was filed or caused to be filed by Michael A. Johnson, Jr., with the Register of Deeds.

The deed stated that it secured an obligation incurred for the construction of an improvement on the property at 6726 Brantley Gordon Road, Denton, North Carolina.

The loan proceeds given to Michael Allan Johnson, Jr., were not used for the Brantley Gordon Road property. A review of the trust account records of Michael Allan Johnson, Jr., do not reveal any payments to Artisan Construction

around the time of the loan. The proposed improvements to 6726 Brantley Gordon Road were never made.

On or about March 23, 2007, the closing attorney, Michael Allan Johnson, Jr., provided or caused to be provided to Carolina Bank a HUD-1 closing statement. The HUD-1 did not list any payments to anyone other than Carolina Bank and \$12.00 for flood insurance. The HUD-1 did not list any fees or payment to the closing attorney, borrower, or a mortgage broker.

In reality, co-conspirators Johnson, Moreno<sup>1</sup> and Jennifer Turnmire Willard<sup>2</sup> used the construction loan proceeds for their own benefit.

On March 27, 2007, Johnson wrote a check on his trust account for \$40,000, payable to Jennifer Turnmire, who had assisted in the preparation of Moreno's loan application. Turnmire worked as a mortgage broker.

On March 28, 2007, Johnson wrote checks for \$10,198.51 and \$924.99 to Southern Community Bank to make payments for a loan in the name of Luis Moreno on the Brantley Gordon property. Johnson also wrote a check to Luis Moreno for \$63,372.76 on March 28, 2007, from Johnson's trust account. On or about March 28, 2007, the spouse of the defendant deposited a check made payable to her for \$4,000 from Johnson's trust account. On March 29, 2007, the defendant wired \$7,116.69 to M and T Bank from his trust account to make a

---

<sup>1</sup> Moreno pleaded guilty to conspiracy to commit bank fraud in case 1:16CR245.

<sup>2</sup> Willard pleaded guilty to conspiracy to commit bank fraud in case 1:17CR21-2.

payment on a personal mortgage. On March 30, 2007, Johnson also wired \$7,770.12 and \$9,918.20 to Wells Fargo Bank from his trust account to make payments on two mortgage obligations held by Moreno.

Moreno himself never made any payments on the construction loan and the entire amount of the loan was diverted from the intended construction purpose. Carolina Bank eventually foreclosed on the loan and sold the property to recover some of the loan principal. Exclusive of interest of penalties, Carolina Bank lost approximately \$70,000 on the loan.

At all times, Carolina Bank was a federally insured financial institution whose deposits were insured by the Federal Deposit Insurance Corporation.

This, the 7th day of July, 2017.

Respectfully submitted,

SANDRA J. HAIRSTON  
Acting United States Attorney

/s/ ROBERT M. HAMILTON  
Assistant United States Attorney  
LASB #1400  
101 S. Edgeworth St., 4th Floor  
Greensboro, NC 27401  
336/333-5351

UNITED STATES OF AMERICA :  
 :  
 v. : 1:17CR21-1  
 :  
 MICHAEL ALLAN JOHNSON, JR. :

/S/ ROBERT M. HAMILTON  
Assistant United States Attorney  
LASB #1400  
United States Attorney's Office  
Middle District of North Carolina  
101 S. Edgeworth St., 4th Floor  
Greensboro, NC 27401  
Phone: 336/333-5351